

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 STR-01 IO-10

SAM-01 SAJ-01 EUR-12 /108 W
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R 202345Z MAR 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 6209

C O N F I D E N T I A L GUATEMALA 1489

DEPT PLEASE PASS AS APPROPRIATE

E.O. 11652: GDS

TAGS: ETRD, EAGR, GT

SUBJECT: SUGAR: LATIN AMERICAN PRODUCERS MEETING AT PUERTO PLATA

REF: STATE 61168

1. SUMMARY: SPOKESMAN SAID HE BELIEVES LATIN AMERICAN SUGAR PRODUCERS WILL FOCUS ATTENTION ON TECHNICAL AND INFORMATIONAL MATTERS AT APRIL 21 MEETING IN PUERTO PLATA RATHER THAN USING IT AS FORUM FOR PRICE MAINTENANCE DEBATE. INFORMATION SERVICE AND BUDGET ARE ONLY ITEMS ON AGENDA TO DATE. OTHERS ARE SOLICITED. END SUMMARY.

2. AGATT TODAY DISCUSSED POINTS REFTEL WITH MINISTER OF ECONOMY PALOMO AND WITH MANAGER AND ASSISTANT MANAGER OF SUGAR PRODUCERS ASSOCIATION. ASSISTANT MANAGER MCSWEENEY ATTENDED COZUMEL MEETING NOVEMBER 25-27, 1974, AND PROBABLY WILL GO TO PUERTO PLATA APRIL 21. HEAD OF DELEGATION PROBABLY AGAIN WILL BE AMBASSADOR RENE MONTES, GUATEMALA'S PERMANENT COMMODITY REPRESENTATIVE IN LONDON.

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3. PALOMO SAID HE UNDERSTANDS U.S. CONCERN EXPRESSED PARA 8 REFTEL AND WILL DISCUSS IT SOON WITH SUGAR INDUSTRY. HE MENTIONED, QUITE APART FROM MAIN THEME, THAT HE WORRIES ABOUT CUBAN COMPETITION IN U.S. MARKET IF ECONOMIC TIES ARE RE-ESTABLISHED. HE WAS REMINDED THAT U.S. QUOTAS NO LONGER EXIST AND SO CUBAN QUOTA WOULD NOT BE RESTORED, AND WORLD POPULATION AND SUGAR CONSUMPTION HAVE GROWN SINCE CUBA HAD A QUOTA.

4. MCSWEENEY SAID HE BELIEVES U.S CONCERN IS UNFOUNDED OVER POSSIBILITY OF LATIN AMERICAN SUGAR PRODUCERS' MEETING BECOMING FORUM FOR DISCUSSION OF PRICE MAINTENANCE PROPOSALS. HE SAID ORIGINAL REASON FOR FORMING ASSOCIATION (ITS FULL NAME IS GRUPO DE PAISES LATINOAMERICANOS Y DEL CARIBE EXPORTADORES DE AZUCUR) WAS TO ACHIEVE REGIONAL UNITY FOR INTERNATIONAL FORUMS; ONE OR TWO SPOKESMEN COULD THUS REPRESENT ALL LATIN AMERICAN VIEWS WHEN NEW SUGAR AGREEMENT IS NEGOTIATED. COZUMEL MEETING WAS DEVOTED ENTIRELY TO TECHNICAL AND INFORMATIONAL TOPICS AND TO MARKETING OUTLOOK, HE SAID, AND POLITICS AROSE ONLY WHEN DELEGATES MET SUBSEQUENTLY WITH MEXICAN PRESIDENT. MCSWEENEY SAID CUBAN DELEGATES CONFINED THEMSELVES AT MEETING TO NON-POLITICAL MATTERS; HE VENTURED OPINION THAT CUBA IS INTERESTED IN RESTORING RELATIONS WITH U.S.

5. SO FAR, SAID MCSWEENEY, THERE ARE ONLY TWO ITEMS ON PUERTO PLATA AGENDA: PLANNING AN INFORMATIONAL SERVICE AND BUDGET OF SECRETARIAT. SECRETARY HAS SOLICITED IDEAS FROM PARTICIPANTS. OTHER SUGGESTIONS ARE TECHNICAL. LIVESTOCK FEEDING PROJECT IN MEXICO WANTS TO ESTABLISH WORK GROUP AT PUERTO PLATA ON USE OF GUAR BYPRODUCTS IN FEEDING ANIMALS. SOME PARTICIPANTS HAVE OFFERED TO SWAP SUGARCANE VARIETIES. SECRETARY SAYS INFORMATIONAL EXCHANGES ARE WORKING WELL.

6. MCSWEENEY SAID HE BELIEVES EFFECTIVE PRICE MECHANISM CANNOT BE FOUND FOR WORLD SUGAR MARKET, AND SO HE THINKS IT LIKELY THAT PUERTO PLATA DISCUSSIONS WILL BE FOCUSED ON OTHER OBJECTIVES. HE GUESSED THAT A SUGAR PROMOTIONAL AGENCY (SUCH AS PAN AMERICAN COFFEE BUREAU) MIGHT BE DISCUSSED. HIGH COSTS OF REFINING PRODUCT AS OPPOSED TO GROWING CANE AND PROCESSING RAW SUGAR MIGHT BE PUBLICIZED.

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7. HE SAID GUATEMALA AGREES WITH STATEMENT OF FERNANDO ALVAREZ BOGART, DIRECTOR OF DOMINICAN REPUBLIC'S SUGAR COUNCIL, THAT CONFERENCE WILL NOT SEEK CONFRONTATION WITH CONSUMER COUNTRIES OR PROPOSE OPEP-TYPE CARTEL BUT WILL ASK IMPORTERS TO TAKE NEW COST REALITIES INTO CONSIDERATION AS RESULT OF WORLD INFLATION.
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